



John T. Gray
Senior Vice President - Policy & Economics

May 27, 2011

The Honorable Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW.
Washington, DC 20423-0001

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Office of Proceedings

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229625

Re: Ex Parte No. 682, Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method (2010)

Dear Ms. Brown:

This submission by the Association of American Railroads (AAR) is the AAR's calculation of the 2010 weighted average state tax rate for each Class I railroad, filed in pursuant to 49 C.F.R. § 1135.2, as adopted by the Board in Ex Parte No. 682, *Annual Submission of State Tax Information for Use in the Revenue Shortfall Allocation Method*, served February 26, 2010. The methodology used to calculate each weighted average state tax rate is the same as what was used in the AAR's prior year calculation.

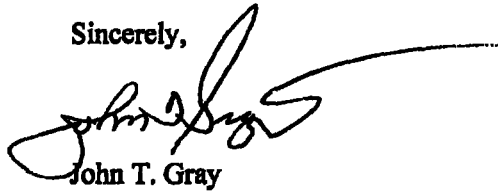
Weighted Average State Tax Rates

<u>Railroad</u>	<u>2010</u>	<u>2009</u>	Percentage Point <u>Change</u>
BNSF Railway Company	5.572%	5.665%	-0.093%
CSX Transportation, Inc.	5.575%	5.578%	-0.003%
Grand Trunk Corporation	7.634%	7.590%	0.044%
The Kansas City Southern Rwy	6.070%	6.434%	-0.364%
Norfolk Southern Combined	5.819%	5.803%	0.016%
Soo Line Corporation	7.305%	8.651%	-1.346%
Union Pacific Railroad Company	5.922%	6.051%	-0.129%

Page 2

All calculations are included in the AAR's submission. Workpapers consist of copies of Schedules 702 and 210 from the railroads' Annual Report Form R-1. Railroads have reviewed the calculations. A copy of the workpapers underlying this submission are included in the AAR's filing. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Gray", with a long horizontal flourish extending to the right.

John T. Gray

Attachments

**Before the
Surface Transportation Board**

Ex Parte No. 682

**Annual Submission of Tax Information for Use
in the Revenue Shortfall Allocation Method**

**2010
Weighted Average State Tax Rates**

**Policy and Economics Department
Association of American Railroads**

May 27, 2011

Table of Contents

Subject	Page
Introduction	1
State Mileages Operated for 2010	2
State Corporate Tax Rates Used for 2010	3
Results of Calculations for 2010	4
Appendices	
A State Corporate Income Tax Rates from Tax Foundation	
B List of Adjustments to Tax Foundation Rates	
C List of Tax Rates that Differ from 2009	
D Additional Tax Rate Information from States	
E Summary of Additional Data Used in Calculations from Annual Report Form R-1	
F Tax Rate Calculation for Texas	
G Railroad Tax Rate Calculations	

Introduction

On February 26, 2010, the Surface Transportation Board served a decision in STB Ex Parte No. 682, *Annual Submission of Tax Information for Use in the Revenue Shortfall Allocation Method*, that amends 49 CFR Part 1135 to add a rule that requires the Association of American Railroads (AAR) to annually update each Class I railroad's weighted average state tax rate for use in the Revenue Shortfall Allocation Method (RSAM). The calculation must be submitted by May 30 of each year.

The methodology used by the AAR to calculate the weighted average state tax rates is the same as was used in all calculations since 2008. The AAR's 2008 weighted average state tax rate calculations were adopted by the Surface Transportation Board in its Ex Parte No. 646 (Sub-No. 2), Simplified Standards for Rail Rate Cases – Taxes in Revenue Shortfall Allocation Method (served January 22, 2010). The AAR's calculation submitted herein is for 2010.

Sources

There are two major sources for these calculations. The first major source is Annual Report Form R-1, which is submitted by each Class I railroad to the Board. The STB instructed the AAR to weight state tax rates using miles operated in each state for each railroad. As the STB noted, mileage operated in each state can be found in column (g) of Schedule 702 (Miles of Road at Close of Year - By States and Territories) of each R-1. Additional information from the R-1's Schedule 210 (Results of Operations) has been used to calculate tax rates for Texas.

The second major source is a web site table with state corporate tax information published by the Tax Foundation, a nonpartisan research and education group based in Washington, DC. The Class I railroads provided additional information regarding tax rates, either to confirm the Tax Foundation rates or to document exceptions that apply to railroads operating in specific states.

Notes

In 2009, "SOO" was Soo Line Railroad Company, which is owned by Canadian Pacific. Over one third of Soo Line Railroad's mileage was in Minnesota, which has one of the highest state income tax rates. For 2010, Canadian Pacific has consolidated Soo Line Railroad with Delaware and Hudson Railway Company, and Dakota, Minnesota & Eastern Railroad Corporation (including its Iowa, Chicago & Eastern subsidiary). Therefore, "SOO" is now a consolidated entity, known as Soo Line Corporation, that consists of 2009's Soo Line Railroad Company plus two regional railroads. This enables more "diversity" in SOO's railroad mileage, and caused their weighted-average state tax rate to decrease substantially.

During the past decade, Canadian National Railway (CN) has acquired multiple regional railroads. During 2010, CN conducted a reconciliation of actual track (via physical inspection) with its track master inventory database. This has caused most of the changes in mileages from 2009 to 2010.

State Miles Operated for 2010

State	BNSF	CNGT	CSX	KCS	NS	SOO	UP	Total	
Alabama	300	26	1,015	0	1,372	0	0	2,713	AL
Arizona	595	0	0	0	0	0	642	1,237	AZ
Arkansas	1,047	0	0	162	0	0	1,327	2,536	AR
California	2,125	0	0	0	0	0	3,288	5,413	CA
Colorado	1,402	0	0	0	0	0	1,535	2,937	CO
Connecticut	0	0	68	0	0	0	0	68	CT
Delaware	0	0	44	0	203	0	0	247	DE
Dist. of Columbia	0	0	20	0	13	0	0	33	DC
Florida	0	0	1,651	0	149	0	0	1,800	FL
Georgia	0	0	1,614	0	1,778	0	0	3,392	GA
Idaho	123	0	0	0	0	0	849	972	ID
Illinois	1,552	1,288	916	182	1,260	393	2,201	7,792	IL
Indiana	0	104	1,635	0	1,491	154	4	3,388	IN
Iowa	673	573	0	0	44	656	1,427	3,373	IA
Kansas	1,709	0	0	18	2	0	2,205	3,934	KS
Kentucky	99	58	1,642	0	431	0	12	2,242	KY
Louisiana	348	239	43	737	76	0	1,137	2,580	LA
Maine	0	0	0	0	0	0	0	0	ME
Maryland	0	0	556	0	269	0	0	825	MD
Massachusetts	0	0	397	0	0	0	0	397	MA
Michigan	0	930	569	0	488	80	0	2,067	MI
Minnesota	1,686	381	0	0	0	1,717	659	4,443	MN
Mississippi	179	752	94	606	211	0	0	1,842	MS
Missouri	1,759	0	13	396	409	144	1,497	4,218	MO
Montana	1,961	0	0	0	0	0	125	2,086	MT
Nebraska	1,529	0	0	0	0	41	1,068	2,638	NE
Nevada	805	0	0	0	0	0	1,192	1,997	NV
New Hampshire	0	0	0	0	0	0	0	0	NH
New Jersey	0	0	648	0	933	68	0	1,649	NJ
New Mexico	1,357	0	0	0	0	0	618	1,975	NM
New York	0	0	1,293	0	751	560	0	2,604	NY
North Carolina	0	0	1,126	0	1,297	0	0	2,423	NC
North Dakota	1,732	0	0	0	0	482	0	2,214	ND
Ohio	0	4	1,904	0	2,208	30	0	4,146	OH
Oklahoma	1,409	0	0	151	0	0	1,173	2,733	OK
Oregon	386	0	0	0	0	0	1,073	1,459	OR
Pennsylvania	0	156	1,062	0	2,281	451	0	3,950	PA
Rhode Island	0	0	0	0	0	0	0	0	RI
South Carolina	0	0	1,286	0	783	0	0	2,069	SC
South Dakota	926	0	0	0	0	724	0	1,650	SD
Tennessee	144	161	1,006	5	847	0	14	2,177	TN
Texas	5,110	0	0	819	0	0	6,319	12,248	TX
Utah	433	0	0	0	0	0	1,250	1,683	UT
Vermont	0	0	0	0	0	0	0	0	VT
Virginia	0	0	1,054	0	2,079	0	0	3,133	VA
Washington	1,635	0	0	0	0	0	531	2,166	WA
West Virginia	0	0	1,295	0	806	0	0	2,101	WV
Wisconsin	273	1,363	0	0	0	622	928	3,186	WI
Wyoming	970	0	0	0	0	7	879	1,856	WY
Total U.S.	32,267	6,035	20,951	3,076	20,181	6,129	31,953	120,592	
Canada	111	0	112	0	2	0	0	225	
Grand Total	32,378	6,035	21,063	3,076	20,183	6,129	31,953	120,817	

Note: There is no Class I railroad mileage in Alaska, Hawaii, Maine, New Hampshire, Rhode Island, or Vermont. Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

State Tax Rates Used for 2010

State	Inc. Tax Rate	Comments
Alabama	6.500%	
Arizona	6.968%	
Arkansas	6.500%	
California	8.840%	
Colorado	4.630%	
Connecticut	0.000%	Sole railroad reports in operating expense, so tax rate changed to 0.
Delaware	8.700%	
Dist. of Columbia	9.975%	
Florida	5.500%	
Georgia	6.000%	
Idaho	7.600%	
Illinois	7.300%	2.5% "replacement tax" + 4.8% income tax
Indiana	8.500%	
Iowa	12.000%	
Kansas	7.050%	4% plus 3.05% surtax
Kentucky	6.000%	
Louisiana	8.000%	
Maine	*	No Class I mileage
Maryland	8.250%	
Massachusetts	6.500%	Railroads use a Utility tax rate instead of corporate rate.
Michigan	6.039%	4.95% plus a 21.99% surcharge — $4.95 \times 1.2199 = 6.038505\%$
Minnesota	9.800%	
Mississippi	5.000%	
Missouri	6.250%	
Montana	6.750%	7.0% if Water's Edge election (no Class I railroads have elected this)
Nebraska	7.810%	
Nevada	0.000%	None.
New Hampshire	*	No Class I mileage
New Jersey	0.000%	Reported in operating expense, rate changed to zero.
New Mexico	7.600%	
New York	0.000%	Reported in operating expense, rate changed to zero.
North Carolina	7.107%	*** 6.9% plus 3% surcharge = $6.90 \times 1.03 = 7.107\%$
North Dakota	6.400%	Companies (SOO) filing using Water's Edge Election add a 3.5% pt. surcharge on 6.4%.
Ohio	0.000%	Income tax fully phased out and replaced with a franchise fee.
Oklahoma	6.000%	
Oregon	7.900%	
Pennsylvania	9.990%	
Rhode Island	*	No Class I mileage
South Carolina	5.000%	
South Dakota	0.000%	None.
Tennessee	6.500%	
Texas	*	Calculated using 70% of Operating Revenue taxed at 1%, results may differ from last year.
Utah	5.000%	
Vermont	*	No Class I mileage
Virginia	6.000%	
Washington	0.000%	None.
West Virginia	8.500%	
Wisconsin	7.900%	
Wyoming	0.000%	None.

Notes:

There is no Class I railroad mileage in Alaska, Hawaii, or states marked with an "*" (except TX), rates are not collected here. Tax rates are from the web site of the Tax Foundation, Washington, DC, with adjustments by the AAR if necessary.

See Appendix B for tax rates that have been adjusted by the AAR from Tax Foundation number.

***** in comments notes that tax rate is changed from prior year.

Results of Calculations for 2010

Average State Corporate Income Tax Rate

Railroad	2010	2009	Difference
BNSF	5.572 %	5.665 %	-0.093 % Pts.
CSX	5.575	5.578	-0.003
CNGT	7.634	7.590	0.044
KCS	6.070	6.434	-0.364
NS	5.819	5.803	0.016
SOO	7.305	8.651	-1.346
UP	5.922	6.051	-0.129

State Corporate Income Tax Rates

As of February 1st, 2010

State	Rates (a)	Brackets
Ala.	6.5% >	\$0
Alaska	1% >	\$0
	2% >	\$10K
	3% >	\$20K
	4% >	\$30K
	5% >	\$40K
	6% >	\$50K
	7% >	\$60K
	8% >	\$70K
	9% >	\$80K
	9.4% >	\$90K
Ariz.	6.968% >	\$0
Ark.	1% >	\$0
	2% >	\$3K
	3% >	\$6K
	5% >	\$11K
	6% >	\$25K
	6.5% >	\$100K
Calif.	8.84% >	\$0
Colo.	4.63% >	\$0
Conn.	7.5% >	\$0
Del.	8.7% >	\$0
Fla.	5.5% >	\$0
Ga.	6% >	\$0
Hawaii	4.4% >	\$0
	5.4% >	\$25K
	6.4% >	\$100K
Idaho	7.6% >	\$0
Ill.	7.3% >	\$0
Ind.	8.5% >	\$0
Iowa	6% >	\$0
	8% >	\$25K
	10% >	\$100K
	12% >	\$250K
Kans.	4% >	\$0
	7.05% >	\$50K
Ky.	4% >	\$0
	5% >	\$50K
	6% >	\$100K

State Corporate Income Tax Rates

As of February 1st, 2010

State	Rates (a)	Brackets
La.	4% >	\$0
	5% >	\$25K
	6% >	\$50K
	7% >	\$100K
	8% >	\$200K
Maine	3.5% >	\$0
	7.93% >	\$25K
	8.33% >	\$75K
	8.93% >	\$250K
Md.	8.25% >	\$0
Mass.	8.8% >	\$0
Mich. (b)	4.95% >	\$0
Minn.	9.8% >	\$0
Miss.	3% >	\$0
	4% >	\$5K
	5% >	\$10K
Mo.	6.25% >	\$0
Mont.	6.75% >	\$0
Nebr.	5.58% >	\$0
	7.81% >	\$100K
Nev.	None	
N.H.	8.5% >	\$0
N.J. (c)	9% >	\$100K
N.M.	4.8% >	\$0
	6.4% >	\$500K
	7.6% >	\$1M
N.Y.	7.1% >	\$0
N.C.	6.9% >	\$0
N.D.	2.1% >	\$0
	5.3% >	\$25K
	6.4% >	\$50K
Ohio (d)	0.26% >	\$0
Okla.	6% >	\$0
Ore. (e)	6.6% >	\$0
	7.9% >	\$250K
Pa.	9.99% >	\$0
R.I.	9% >	\$0
S.C.	5% >	\$0
S.D.	None	
Tenn.	6.5% >	\$0

State Corporate Income Tax Rates

As of February 1st, 2010

State	Rates (a)	Brackets
Tex.	None	
Utah	5% >	\$0
Vt.	6% >	\$0
	7% >	\$10K
	8.5% >	\$25K
Va.	6% >	\$0
Wash.	None	
W.Va.	8.5% >	\$0
Wis.	7.9% >	\$0
Wyo.	None	
D.C.	9.975% >	\$0

(Notes on next page)

State Corporate Income Tax Rates

As of February 1st, 2010

State	Rates (a)	Brackets
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Notes

(a) In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax.

(b) There is an additional surcharge equal to the lesser of 21.99% of tax liability or \$6,000,000 and an .8% gross receipts tax.

(c) Businesses with entire net income greater than \$100K pay 9% on all taxable income, companies with entire net income greater than \$50K and less than or equal to \$100K pay 7.5% on all taxable income, and companies with entire net income less than or equal to \$50K pay 6.5% on all taxable income.

(d) A tax on gross receipts, the commercial activity tax (CAT), was phased in from 2005 to 2009 while the corporate franchise tax (CFT, Ohio's corporate net income tax) was phased out. Beginning April 1, 2009, the CAT rate was fully phased in at 0.26%. For tax year 2009, companies owe 20% of CFT liability. For tax year 2010 and thereafter, the CFT is fully phased out.

(e) The top income tax rate (7.9% on income over \$250,000) applies to tax years beginning on or after January 1, 2009, and before January 1, 2011.

Source: Tax Foundation; state tax forms and instructions



Tax Foundation
www.taxfoundation.org

List of Adjustments to Tax Foundation Rates

State corporate income tax rates used for the Class I Railroads differ from the Tax Foundation for the following states. Appendix D contains information provided by the states.

	State Tax Rate		Comment
	Tax Foundation	Railroad	
Connecticut	7.500%	none	Note 1 - Franchise Fee
Massachusetts	9.500%	6.5000%	Note 2 - Different Tax Rate for Railroads
Michigan	4.950%	6.0385%	Note 3 - Surcharge
New Jersey	9.000%	none	Note 1 - Franchise Fee
New York	7.100%	none	Note 1 - Franchise Fee
North Carolina	6.900%	7.1070%	Note 3 - Surcharge
North Dakota	6.500%	9.9000%	Note 5 - Water's Edge Surcharge for 1 RR
Ohio	0.260%	none	Note 6 - Income Tax Phase-out
Texas	none	Varies	Note 7 - Texas

Note 1 - Franchise Fees

Some state taxes, for example franchise taxes, are not reported as income taxes by the railroads per requirements of Generally Accepted Accounting Practices (GAAP). Instead, those taxes are treated as franchise fees or similar items, and are reported as operating expenses in Schedule 410, Line 615, of Annual Report Form R-1. In those cases, state income tax rates reported by the Tax Foundation have been changed to zero. The states where this occurs are Connecticut, New Jersey, and New York. The same three states were changed to zero for 2008 and 2009.

Note 2 - Different Tax Rate for Railroads

In Massachusetts, railroads pay a "Utility Franchise Tax" instead of the normal tax. This amount is reported as an income tax in Annual Report Form R-1. This change was made for 2008 & 2009.

Note 3 - Surcharges

Some states may temporarily apply a surcharge or surtax to the normal tax rate. Examples include Kansas, Michigan, and North Carolina. The Tax Foundation footnotes the Michigan surcharge, includes the Kansas surtax in its tax rate, and omits the North Carolina surcharge.

Note 4 - Foundation's Rate Out of Date

No out of date rates this time.

Note 5 - Water's Edge Surcharge

For North Dakota, some companies may be required to file their tax return using a worldwide unitary combined report method. Those companies may elect to use the "Water's Edge" method. If this is the case, a 3.5 percent surtax is applied. Soo Line Railroad uses this method, and its North Dakota tax rate has been adjusted to 9.9 percent (6.4 state tax rate + 3.5 surtax).

Note 6 - Income Tax Phase-out

For Ohio, the corporate income tax was phased out and replaced with a franchise fee tax.

Note 7 - Texas (see also Appendix F)

For Texas, railroads were taxed using a 1 percent tax rate on 70 percent of gross receipts, and the taxes are reported as income taxes. A carrier-specific tax rate for each Class I railroad has been calculated in Appendix F using the same procedure used for 2008. A key assumption in the calculation is that the ratio of Operating Revenue to Net Income Before Taxes is the same in all states where a carrier operates, which eliminates the need to make any revenue or cost allocations because the resulting tax rate (using the constant ratio) is the same using all revenue or a portion.

List of Tax Rates that Differ From 2009

Listed herein are tax rates, as found on page 3 of this year's report, that differ from the prior year (2008). Refer to Appendix D for tax information from the appropriate state.

	State Tax Rate		Comment
	2010	2009	
North Carolina	7.107%	6.900%	Surtax rate included.
Texas	See comment		Varies each year by railroad

Form P.S.1 Instructions

Major 2010 Tax Law Changes

There is a change in the treatment of large installment sales. The corporate excise for a taxable year is now increased by the amount of interest that is derived from the deferred tax liability that is associated with a large installment sale, as that term is defined under federal law. See TIR 10-11: Administrative, Personal Income, Corporate, Tobacco, and Sales Tax Changes Contained in Chapter 131 of the Acts of 2010.

The Massachusetts Historic Rehabilitation Tax Credit has been extended. The credit has been extended for an additional six years, to December 31, 2017. The credit was previously due to expire after December 31, 2011. See TIR 10-11: Administrative, Personal Income, Corporate, Tobacco, and Sales Tax Changes Contained in Chapter 131 of the Acts of 2010.

There have been significant changes to the tax credit for the Economic Development Incentive Program (EDIP) established pursuant to M.G.L. Ch. 23A, effective for tax years beginning on or after January 1, 2010. See TIR 10-1: Economic Development Incentive Program Credit.

Who Must File a Public Service Corporation Franchise Tax Return?

All utility corporations subject to Massachusetts General Laws (MGL) Ch. 63, sec. 52A (not including wireless companies), and which do any or all of their business in Massachusetts and which are not part of combined group required to file Form 355U must complete and file Massachusetts Form P.S.1. Utility corporations are as follows:

- Every incorporated electric company and gas company subject to MGL Ch. 164;
- Every incorporated water company and aqueduct company subject to MGL Ch. 165;
- Every incorporated telephone and telegraph company subject to MGL Ch. 166;
- Every incorporated railroad and railway company subject to MGL Ch. 160 and every corporation qualified under said MGL Ch. 160, sec. 131A to acquire, own and operate terminal facilities from steam, electric or other types of railroad;
- Every incorporated street railway subject to MGL Ch. 161;
- Every incorporated electric railroad subject to MGL Ch. 162;
- Every incorporated trackless trolley company subject to MGL Ch. 163;
- Every domestic or foreign pipeline corporation engaged in the transportation or sale of natural gas within the Commonwealth; or
- Every foreign corporation which is not subject to the above chapters, but which does an electric, gas, water, aqueduct, telephone, telegraph, railroad, railway, electric railroad, trackless trolley or bus business within the Commonwealth and has, prior to January 1, 1952, been subject to taxation under MGL Ch. 63, secs. 53-60.

When Must Form P.S.1 Be Filed?

Form P.S.1 must be filed on or before the 15th day of the 3rd month after the close of the utility corporation's taxable year. A late return incurs a penalty of 1% per month (or fraction thereof), up to a maximum of 25% of the tax due. The penalty for late payment of the tax is 1% per month (or fraction thereof) of the balance due, up to a maximum of 25%.

Can a Corporation Get an Extension of Time to File?

Yes. Utility corporations may request a six-month extension of time to file Form P.S.1 by submitting Massachusetts Form 355-7004 Misc.

on or before the original due date of the return. At or before the time of filing Form 355-7004 Misc., the utility corporation must pay in full the estimated tax due. Failure to pay at least 50% of the total tax due as shown on your return will result in the voiding of the extension and the imposition of a late filing penalty.

What is a Valid Return?

A valid return is a return upon which all required amounts have been entered in all appropriate lines on all forms. Data sheets, account forms or other schedules may be enclosed to explain amounts entered on the forms. However, referencing items to enclosures in lieu of properly entering all amounts onto the return is not sufficient.

A properly filed return must also include exact and complete copies of all four pages of the corporation's U.S. Form 1120. Copies of all accompanying schedules and supplemental statements must be enclosed.

Reproduction of returns must be approved by the DOR prior to filing and meet the criteria provided in Technical Information Release 95-8. Please address form approvals to The Banking and Insurance Unit, PO Box 7052, Boston, MA 02204.

Failure to meet any of the requirements detailed in this section may result in a penalty for filing an insufficient return. Such penalties may be assessed at double the amount of the tax due.

When Must a Corporation Pay Estimated Taxes?

Any utility corporation which reasonably estimates its franchise tax to be more than \$1,000 must pay estimated taxes. Payments must be made in quarterly installments of 40%, 25%, 25% and 10% of the estimated annual tax liability.

Note: New corporations in their first full taxable year with less than 10 employees have different estimated payment percentages — 30%, 25%, 25% and 20% respectively.

Public Utility companies that underpay, or fail to pay, their estimated taxes may incur an additional penalty on the amount of the underpayment for the period of the underpayment. Form M-2220, Underpayment of Massachusetts Estimated Tax by Corporations, is used to compute the additional charge.

Any corporation having \$1 million or more of federal taxable income in any of its three preceding taxable years (as defined in section 6655 (g) of the IRC) may only use its prior year's tax liability to calculate its first quarterly estimated tax payment. Any reduction in the first installment payment that results from using this method must be added to the second installment payment.

How Is the Corporation Franchise Tax Determined?

The tax for utility corporations is 6% of net income. For tax purposes, net income is gross income from all sources, without exclusion, other than dividends from investment in 80% or more of the voting stock of another utility corporation, less deductions allowed by the Internal Revenue Code in effect for the taxable year. Deductions are not allowed for dividends received, losses sustained in other taxable years, and income, franchise and capital stock taxes. Any credits allowed under the Internal Revenue Code for the taxable year are not allowed in Massachusetts.

Are Combined Returns Allowed?

Public service corporations that are members of combined groups engaged in a unitary business are required to file combined returns under M.G.L. c. 63, s. 32B. See 830 CMR 63.32B.2 for additional information. A Public service corporation that is a member of such a combined group files Form 355U instead of Form P.S. 1. Public service corporations that are not members of such a group are not allowed to participate in the filing of combined returns.

2010

Massachusetts
Department of
Revenue


Form P.S.1

Public Service Corporation

Franchise Tax Return

For calendar year 2010 or taxable year beginning

2010 and ending

Name of corporation

Federal identification number

Principal business address

City/Town

State

Zip

Date of organization

Name of U.S. parent if filing a consolidated return

Federal identification number

Name of Treasurer/Assistant Treasurer/Responsible Corporate Officer

State of Incorporation

Type of business for which credit is being claimed (check only one):

- ☐ Gas and electric ☐ Railroad ☐ Power ☐ Gas transmission ☐ Street railway
☐ Telephone ☐ Water ☐ Aqueduct ☐ Telecommunications

Has the federal government changed your taxable income for any prior year which has not yet been reported to Massachusetts? ☐ Yes ☐ No
 If requesting alternative apportionment under MGL Ch. 63, sec. 42, check here ☐ and enclose Form AA-1 (see instructions).

Excise Tax Calculation

- | | | |
|----|---|----|
| 1 | Net income as shown on U.S. Form 1120, line 28 | 1 |
| 2 | State and municipal bond interest not included in U.S. net income | 2 |
| 3 | Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income | 3 |
| 4 | Portion of net capital loss carryover used to reduce capital gain from U.S. Schedule D | 4 |
| 5 | Section 168(k) "bonus" depreciation adjustment. See instructions | 5 |
| 6 | Section 311 and 31J Intangible and interest expense add back | 6 |
| 7 | Federal production activity add back | 7 |
| 8 | All other income not included in line 1 | 8 |
| 9 | Income before deductions. Add lines 1 through 8 | 9 |
| 10 | Dividends received from other utility corporations 80% or more owned included in line 1 (from Schedule N) | 10 |
| 11 | Abandoned building renovation deduction. Total cost > \$ _____ x .10 > | 11 |
| 12 | Exception to the add back of interest and/or intangible expenses (enclose schedule) | 12 |
| 13 | Total deductions. Add lines 10 through 12 | 13 |
| 14 | Adjusted income. Subtract line 13 from line 9 | 14 |
| 15 | Income apportionment percentage (from Schedule O, line 5) | 15 |
| 16 | Taxable income. Multiply line 14 by line 15 | 16 |
| 17 | Excise due on income. Multiply line 16 by .065 | 17 |
| 18 | Credit recapture (enclose Schedule H-2) and/or additional tax on installment sales. See instructions. | 18 |
| 19 | Excise due before credits. Add lines 17 and 18 | 19 |
| 20 | Economic Opportunity Area Credit (enclose Schedule EOAC) | 20 |
| 21 | Economic Development Incentive Program Credit. Certificate number > _____ | 21 |
| 22 | Low-Income Housing Credit. Building identification number > _____ | 22 |
| 23 | Historic Rehabilitation Credit. Certificate number > _____ | 23 |
| 24 | Film Incentive Credit. Certificate number > _____ | 24 |
| 25 | Medical Device Credit. Certificate number > _____ | 25 |
| 26 | Brownfields Credit. Certificate number > _____ | 26 |
| 27 | Life Science Company Investment Tax Credit under section 38U | 27 |
| 28 | Life Science Company FDA User Fee Credit under section 31M. | 28 |
| 29 | Life Science Company Research and Development Credit under section 38W | 29 |
| 30 | Total credits. Add lines 20 through 29 | 30 |

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and enclosures are true, correct and complete.

Signature of appropriate corporate officer

Social Security number

Telephone number

Date

Signature of paid preparer

Employer identification number

Address

Date

The Privacy Act Notice is available upon request. If you are signing as an authorized delegate of the appropriate corporate officer, check here ☐ and enclose Massachusetts Form M-2848, Power of Attorney. Mail to: Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204. Make check or money order payable to the Commonwealth of Massachusetts.

Form code 385 Tax type 0170

4587, Page 2

FEIN or TR Number

PART 2: BUSINESS INCOME TAX

28. Business Income. If negative, enter as a negative. (If business activity protected under PL 86-272, complete and attach Form 4586 and/or 4581, as applicable; see instructions)

28. 00

Additions to Income

29. Interest income and dividends derived from obligations or securities of states other than Michigan.....
 30. Taxes on or measured by net income
 31. Tax imposed under MBT
 32. Any carryback or carryover of a federal net operating loss.....
 33. Losses attributable to other taxable flow-through entities
 Account No.
 34. Royalty, interest, and other expenses paid to a related person.....
 35. Miscellaneous (see instructions)
 36. Total Additions to Income. Add lines 29 through 35.....
 37. Business Income Tax Base After Additions. Add lines 28 and 36. If negative, enter as a negative.....

29. 00
 30. 00
 31. 00
 32. 00
 33. 00
 34. 00
 35. 00
 36. 00
 37. 00

Subtractions from Income

38. Dividends and royalties received from persons other than U.S. persons and foreign operating entities
 39. Income attributable to other taxable flow-through entities
 Account No.
 40. Interest income derived from United States obligations
 41. Net earnings from self-employment. If less than zero, enter zero.....
 42. Miscellaneous (see instructions)
 43. Total Subtractions from Income. Add lines 38 through 42.....

38. 00
 39. 00
 40. 00
 41. 00
 42. 00
 43. 00

44. Business Income Tax Base. Subtract line 43 from line 37. If negative, enter as a negative
 45. Apportioned Business Income Tax Base. Multiply line 44 by percentage on line 11c.....
 46. Available MBT business loss carryforward from previous MBT return. Enter as a positive number.....
 47. Subtract line 46 from line 45. If negative, enter here as a negative, skip line 48, and enter zero on line 49. A negative number here is the available business loss carryforward to the next filing period (see instructions) ...
 48. Qualified Affordable Housing Deduction. If line 47 is positive, complete lines 48a through 48i as follows:
 (1) If taking the seller's deduction, skip lines 48a through 48h and carry the amount from Form 4579, line 5, to line 48i. (2) If taking the QAHP deduction, complete lines 48a through 48i.

44. 00
 45. 00
 46. 00
 47. 00

- a. Gross rental receipts attributable to residential units in Michigan..... 48a.
 b. Rental expenses attributable to residential rental units in Michigan... 48b.
 c. Taxable income attributable to residential rental units. Subtract line 48b from line 48a..... 48c.
 d. Number of residential rent restricted units in Michigan owned by the Qualified Affordable Housing Project..... 48d.
 e. Total number of residential rental units in Michigan owned by the Qualified Affordable Housing Project..... 48e.
 f. Divide line 48d by line 48e and enter as a percentage..... 48f.
 g. Multiply line 48c by line 48f..... 48g.
 h. Limited dividends or other distributions made to the owners of the project..... 48h.
 i. Qualified Affordable Housing Deduction. Subtract line 48h from line 48g.....

	00
	00
	00
	%
	00
	00

49. Subtract line 48i from line 47. If less than zero, enter zero.....
 50. Business Income Tax Before All Credits. Multiply line 49 by 4.95% (0.0495).....

48i. 00
 49. 00
 50. 00

4587, Page 3

FEIN or TR Number

PART 3: TOTAL MICHIGAN BUSINESS TAX

51. Total Michigan Business Tax Before Surcharge and Credits. Add lines 27 and 50.....	51.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
52. Annual Surcharge. Enter the lesser of \$8,000,000 or line 51 multiplied by 21.99% (0.2199).....	52.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
53. Total Liability Before All Credits. Add lines 51 and 52.....	53.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
54. Nonrefundable credits from Form 4588, line 40.....	54.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
55. Total Tax After Nonrefundable Credits. Subtract line 54 from line 53. If less than zero, enter zero.....	55.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
56. Recapture of Certain Business Tax Credits and Deductions from Form 4587, line 12.....	56.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
57. Total Tax Liability. Add lines 55 and 56.....	57.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00

PART 4: PAYMENTS, REFUNDABLE CREDITS AND TAX DUE

58. Overpayment credited from prior MBT return.....	58.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
59. Estimated tax payments.....	59.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
60. Tax paid with request for extension.....	60.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
61. Refundable credits from Form 4574, line 24.....	61.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
62. Payment and credit total. Add lines 58 through 61. (If not amending, then skip to line 64.).....	62.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00

AMENDED RETURN ONLY

63. a. Payment made with the original return..... 63a. 00

b. Overpayment received on the original return..... 63b. 00

c. Add lines 62 and 63a and subtract line 63b from the sum..... 63c. 00

64. TAX DUE. Subtract line 62 (or line 63c, if amending) from line 57. If less than zero, leave blank.....	64.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
65. Underpaid estimate penalty and interest from Form 4582, line 38.....	65.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00

66. Annual return penalty (a) % = (b) 00 plus interest (c) 00. Total..... 66d. 00

67. PAYMENT DUE. If line 64 is blank, go to line 68. Otherwise, add lines 64, 65 and 66d.....	67.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
---	-----	---	----

PART 5: REFUND OR CREDIT FORWARD

68. Overpayment. Subtract lines 57, 65 and 66d from line 62 (or line 63c, if amending). If less than zero, leave blank (see instructions).....	68.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
69. CREDIT FORWARD. Amount on line 68 to be credited forward and used as an estimate for next MBT tax year..	69.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00
70. REFUND. Amount on line 68 to be refunded.....	70.	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>	00

Taxpayer Certification. I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.		Preparer Certification. I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's PTIN, FEIN or SSN <div style="border: 1px solid black; width: 150px; height: 15px;"></div>	
Authorized Signature for Tax Matters <div style="border: 1px solid black; width: 100%; height: 30px;"></div>		Preparer's Business Name (print or type) <div style="border: 1px solid black; width: 100%; height: 30px;"></div>	
Authorized Signer's Name (print or type)	Date	Preparer's Business Address and Telephone Number (print or type) <div style="border: 1px solid black; width: 100%; height: 30px;"></div>	
Title	Telephone Number		

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT. Mail return to:
Michigan Department of Treasury, P.O. Box 30783, Lansing, MI 48909

WITH PAYMENT. Pay amount on line 67. Mail check and return to:
Michigan Department of Treasury, P.O. Box 30113, Lansing, MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

Page 2, CD-405 Web, 11-10

Legal Name _____

FEIN _____

	Description		Amount
Computation of Corporate Income Tax	22. Net Economic Loss (Attach schedule)		22. _____ .00
	23. Income Before Contributions to N.C. Donees Line 20 minus Lines 21 and 22		23. ○ _____ .00
	24. Contributions to N.C. Donees (From Schedule I, Line 2e)		24. _____ .00
	25. Net Taxable Income Line 23 minus Line 24		25. ○ _____ .00
	26. N.C. Net Income Tax Multiply Line 25 by 6.90%		26. _____ .00
	27. Surtax Multiply Line 26 by 3.0%		27. _____ .00
	28. Income Tax Before Payments and Credits Add Lines 26 and 27		28. _____ .00
	29. Annual Report Fee		29. _____ .00
	30. Add Lines 28 and 29		30. _____ .00
	31. Payments and Credits		
	a. Application for Income Tax Extension (From Form CD-419, Line 10)		31a. _____ .00
	b. 2010 Estimated Tax (When filing an amended return, enter previous payments here.)		31b. _____ .00
	c. Partnership (If a partnership payment is claimed on Line 31c, a copy of the NC K-1 MUST be attached.)		31c. _____ .00
	d. Nonresident Withholding (Include copy of 1099 or W-2)		31d. _____ .00
	e. Tax Credits (From Form CD-425, Part 4, Line 34) If a tax credit is claimed on Line 31e, Form CD-425 MUST be attached.		31e. _____ .00
32. Add Lines 31a through 31e		32. _____ .00	
33. Income Tax Due - If Line 32 is less than Line 30, enter difference here and on Line 38, below		33. \$ _____ .00	
34. Income Tax Overpaid - If Line 32 is more than Line 30, enter difference here and on Line 38, below		34. _____ .00	
Tax Due or Refund	35. Franchise Tax Due or Overpayment (From Schedule A, Line 8 or 9)		35. ○ _____ .00
	36. Income Tax Due or Overpayment (From Schedule B, Line 33 or 34)		36. ○ _____ .00
	37. Balance of Tax Due or Overpayment Add (or subtract) Lines 35 and 36		37. ○ _____ .00
	38. Underpayment of Estimated Income Tax (Enter letter in exceptions box, if applicable. See instructions.)		38. _____ .00
	39. a. Interest (See instructions)		39a. _____ .00
	b. Penalties (See instructions)		39b. _____ .00
	40. Total Due - Add Lines 37 through 39b and enter result here, but not less than zero. If less than zero, enter amount on Line 41. Pay online. Go to www.dornc.com and click on Electronic Services .	Pay in U.S. Currency From a Domestic Bank	40. _____ .00
	41. Overpayment		41. _____ .00
	42. Amount of Line 41 applied to 2011 Estimated Income Tax		42. _____ .00
	43. Amount of Line 41 contributed to N.C. Nongame and Endangered Wildlife Fund		43. _____ .00
44. Amount to be Refunded Line 41 minus Lines 42 and 43		44. _____ .00	

Signature and Title of Officer: _____ Date: _____ Corporate Telephone Number: _____

I certify that, to the best of my knowledge, this return is accurate and complete.

Signature of Paid Preparer: _____ Preparer's ○ FEIN ○ SSN ○ PTIN: _____

I certify that, to the best of my knowledge, this return is accurate and complete.

(Fill in applicable circle)

MAIL TO: N.C. Dept. of Revenue, P.O. Box 26000, Raleigh, N.C. 27640-0800. Returns are due by the 15th day of the 4th month after the end of the income year.



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
 Cory Fong, Commissioner

North Dakota Corporation Income Tax Brackets and Rates

For taxable years beginning on or after January 1, 2009

North Dakota taxable income:	over	but not over	
	\$0	\$25,000	2.10% of North Dakota taxable income
	\$25,000	\$50,000	\$525 + 5.25% of the amount over \$25,000
	\$50,000		\$1,837.50 + 6.40% of the amount over \$50,000

If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.

For taxable years beginning on or after January 1, 2007 and prior to January 1, 2009

North Dakota taxable income:	over	but not over	
	\$0	\$3,000	2.60% of North Dakota taxable income
	\$3,000	\$8,000	\$78 + 4.10% of the amount over \$3,000
	\$8,000	\$20,000	\$283 + 5.60% of the amount over \$8,000
	\$20,000	\$30,000	\$955 + 6.40% of the amount over \$20,000
	\$30,000		\$1,595 + 6.50% of the amount over \$30,000

If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.

For taxable years beginning on or after January 1, 2004 and prior to January 1, 2007

North Dakota taxable income	over	but not over	
	\$0	\$3,000	2.60% of North Dakota taxable income
	\$3,000	\$8,000	\$78 + 4.10% of the amount over \$3,000
	\$8,000	\$20,000	\$283 + 5.60% of the amount over \$8,000
	\$20,000	\$30,000	\$955 + 6.40% of the amount over \$20,000
	\$30,000		\$1,595 + 7.00% of the amount over \$30,000

If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.

For taxable years beginning on or after January 1, 1983 and prior to January 1, 2004

North Dakota taxable income	over	but not over	
	\$0	\$3,000	3.00% of North Dakota taxable income
	\$3,000	\$8,000	\$90 + 4.50% of the amount over \$3,000
	\$8,000	\$20,000	\$315 + 6.00% of the amount over \$8,000
	\$20,000	\$30,000	\$1,035 + 7.50% of the amount over \$20,000
	\$30,000	\$50,000	\$1,785 + 9.00% of the amount over \$30,000
	\$50,000		\$3,585 + 10.50% of the amount over \$50,000

For taxable years beginning on or after January 1, 1981 and prior to January 1, 1983

North Dakota taxable income:	over	but not over	
	\$0	\$3,000	2.00% of North Dakota taxable income
	\$3,000	\$8,000	\$60 + 3.00% of the amount over \$3,000
	\$8,000	\$20,000	\$210 + 4.00% of the amount over \$8,000
	\$20,000	\$30,000	\$690 + 5.00% of the amount over \$20,000
	\$30,000	\$50,000	\$1,190 + 6.00% of the amount over \$30,000
	\$50,000		\$2,390 + 7.00% of the amount over \$50,000

For taxable years beginning on or after January 1, 1978 and prior to January 1, 1981

North Dakota taxable income:	over	but not over	
	\$0	\$3,000	3.00% of North Dakota taxable income
	\$3,000	\$8,000	\$90 + 4.00% of the amount over \$3,000
	\$8,000	\$15,000	\$290 + 5.00% of the amount over \$8,000
	\$15,000	\$25,000	\$640 + 6.00% of the amount over \$15,000
	\$25,000		\$1,240 + 8.50% of the amount over \$25,000

For taxable years beginning on or after January 1, 1937 and prior to January 1, 1978

North Dakota taxable income:	over	but not over	
	\$0	\$3,000	3.00% of North Dakota taxable income
	\$3,000	\$8,000	\$90 + 4.00% of the amount over \$3,000
	\$8,000	\$15,000	\$290 + 5.00% of the amount over \$8,000
	\$15,000		\$640 + 6.00% of the amount over \$15,000

For taxable years beginning on or after January 1, 1923 and prior to January 1, 1937

The state's corporation income tax rate was 3.0% on North Dakota taxable income.

600 E. BOULEVARD AVE., DEPT. 127, BISMARCK, NORTH DAKOTA 58505-0599



Department of
Taxation

FT 1120E/ER/EX
Rev. 7/10

Estimated Corporation Franchise Tax Payment for Tax Year 2011

(based on the corporation's taxable year ending in 2010)

Caution: Most corporations have no franchise tax payment or filing requirement for tax year (report year) 2011. Please do not make a franchise tax estimated payment or file this franchise tax form if the corporation is subject to the Ohio Commercial Activity Tax (Ohio Revised Code Chapter 5751).

Who remains subject to the franchise tax after the phase-out—Ohio Revised Code sections (R.C.) 5733.01(G) and 5751.01(E). Financial institutions along with the following corporations remain subject to the franchise tax for tax years 2010 and thereafter: (i) financial holding companies, (ii) bank holding companies, (iii) savings and loan holding companies, (iv) corporations directly or indirectly owned by one or more corporations described in (i) through (iii) when such subsidiary corporations are engaged in activities permissible for a financial holding company, (v) corporations directly or indirectly owned by one or more financial institutions that pay the franchise tax charged by R.C. 5733.06(D) when such subsidiary corporations are engaged in activities permissible for a financial holding company and such corporations are not already described in (iv) above, (vi) corporations directly or indirectly owned by one or more insurance companies when such subsidiary corporations are engaged in insurance-type activities, and (vii) "securitization" companies described in R.C. 5751.01(E)(10).

If the corporation is subject to the franchise tax for report year 2011, please complete Ohio forms FT 1120E, FT 1120ER and FT 1120EX (as applicable) and mail with your remittance by the due date explained below. Each taxpayer included in a combined franchise tax report must separately file and remit the tax due with Ohio forms FT 1120E, FT 1120ER, FT 1120EX and FT 1120.

Submitting this form does not fulfill the corporation's filing requirement. The taxpayer must file a corporation franchise tax report (Ohio form FT 1120 or, if a financial institution, Ohio form FT 1120FI) by the due date or extended due date prescribed by law.

If by Jan. 31 the taxpayer does not file an Ohio franchise tax report and pay all tax due, then by Jan. 31 the taxpayer must file Ohio form FT 1120E and pay one-third of the estimated tax due. If the taxpayer's 2010 report reflected an overpayment that the taxpayer carried over to 2011 and that overpayment equals or exceeds 1/3 of the 2011 estimated tax due, then the taxpayer is not required to make a Jan. 31 estimated payment or file Ohio form FT 1120E.

Extension. If by March 31 the taxpayer files Ohio form FT 1120ER and pays the second one-third of the estimated tax due, the tax commissioner will automatically grant an extension of time for filing the report to May 31. **Note:** If the sum of the taxpayer's 2010 overpayment carryforward and January estimated payment equals or exceeds 2/3 of the estimated tax due, then the taxpayer is not required to make an estimated payment by March 31. Nevertheless, if the taxpayer will not file the 2011 franchise tax report by March 31, then by March 31 the taxpayer must file Ohio form FT 1120ER even if no payment is due.

Additional extension. If by May 31 the taxpayer files Ohio form FT 1120EX and pays the balance of the tax due, the commissioner will automatically grant an extension of time for filing the report to the 15th day of the month following the month to which the IRS has granted an extension for filing the federal income tax return, provided a copy of the federal extension is attached to the report when filed. If the sum of the taxpayer's overpayment carryforward and prior estimated payments equals or exceeds the estimated tax due, then the taxpayer is not required to make an estimated payment by May 31. Nevertheless, if the taxpayer will not file the 2011 tax report by May 31, then by May 31 the taxpayer must file Ohio form FT 1120EX even if no payment is due.

EFT payments. A taxpayer must submit all franchise tax payments by electronic file transfer (EFT) if the taxpayer's total franchise tax liability after reduction for nonrefundable credits exceeded \$50,000 for the second preceding report year. However, members of a combined report must add together their tax liabilities. If the combined group's aggregate tax liability exceeds the \$50,000 threshold then each member is required to submit separate payments by EFT. See the department's July 31, 1994 franchise tax information release, and the important EFT notice dated Dec. 2, 2002, located on the department's Web site at tax.ohio.gov.

If the taxpayer is required to remit its estimated payments by EFT and timely does so, then those estimated payments are deemed to be accompanied by the appropriate declaration of estimated payment or request for extension form. However, if the taxpayer is not required to make additional estimated payment(s) (because the tax already paid equals or exceeds the tax due), and the taxpayer needs an extension or an additional extension to file its franchise tax report, then the taxpayer must timely file the appropriate paper Ohio forms FT 1120ER and FT 1120EX.

Please cut on the dotted line. — DO NOT USE PENCIL to complete this form.

		Ohio Department of Taxation			
2011 Estimated Corporation Franchise Tax Payment					
This estimated payment is for the current tax year and is based upon the taxpayer's activity during the 2010 calendar year or other taxable year beginning _____ and ending _____, 2010.					
Ohio Franchise Tax ID No. 		Ohio Charter No. 		Federal Employer ID No. 	
Corporation name 		Address 		City, state, ZIP code 	
Do not staple or otherwise attach your check or check stub to this coupon. Do not send cash. Make remittance payable to Ohio Treasurer of State and mail to: Ohio Department of Taxation, P.O. Box 804, Columbus, OH 43216-0804.		For Departmental Use Only Date received: _____			

Do NOT fold check or coupon.

Tax Year 2011

Check one > ☐ FT 1120E (Jan. 31) ☐ FT 1120ER (Mar. 31) ☐ FT 1120EX (May 31)

Whole dollars only (no cents)

Amount of this payment \$

Please do not make a franchise tax payment and do not file this franchise tax form if the corporation is subject to the Ohio Commercial Activity Tax (Ohio Revised Code Chapter 5751). See the instructions.

EXEMPT ENTITIES

Some entities may be exempt from the franchise tax. The exemptions vary depending upon the type of organization. Exemptions are not automatically granted to an entity. For more information on franchise tax exemptions go to www.window.state.tx.us/taxinfo/taxpubs/bx96_1045.html.

Note: An entity that qualifies as a passive entity is not considered an exempt entity.

PASSIVE ENTITIES

Partnerships (general, limited, and limited liability) and trusts (other than business trusts) may qualify as a passive entity and not owe any franchise tax for a reporting period if at least 90 percent of the entity's federal gross income (as reported on the entity's federal income tax return), for the period upon which the tax is based, is from the following sources:

- dividends, interest, foreign currency exchange gain, periodic and nonperiodic payments with respect to notional principal contracts, option premiums, cash settlements or termination payments with respect to a financial instrument, and income from a limited liability company;
- distributive shares of partnership income to the extent that those distributive shares of income are greater than zero;
- net capital gains from the sale of real property, net gains from the sale of commodities traded on a commodities exchange, and net gains from the sale of securities; and
- royalties from mineral properties, bonuses from mineral properties, delay rental income from mineral properties and income from other nonoperating mineral interests including nonoperating working interests.

Passive income does not include rent or income received by a nonoperator from mineral properties under a joint operating agreement, if the nonoperator is a member of an affiliated group and another member of that group is the operator under the same joint operating agreement.

An entity that filed as passive on a prior report will not be required to file a subsequent franchise tax report, as long as the entity continues to qualify as passive.

A partnership or trust that qualifies as a passive entity for the period upon which the franchise tax report is based, and is not registered with the Comptroller's office or with the Texas Secretary of State's office, will not be required to register with or file a franchise tax report with the Comptroller's office.

Any passive entity, whether or not it is registered with the Comptroller's office or with the Secretary of State's office, that no longer qualifies as a passive entity must file a Nexus Questionnaire (Form AP-114) or a Business Questionnaire (Form AP-224) to register with the Comptroller's office and file a franchise tax report for the period in which the entity does not qualify as passive and any subsequent periods until the entity once again qualifies and files a No Tax Due Information Report as a passive entity.

DISREGARDED ENTITIES

An entity's treatment for federal income tax purposes does not determine its responsibility for Texas franchise tax. Therefore, partnerships, LLCs and other entities that are disregarded for federal income tax purposes, are considered separate legal entities for franchise tax reporting purposes. The separate entity is responsible for filing its own franchise tax report unless it is a member of a combined group. If the entity is a member of a combined group, the reporting entity for the group may elect to treat the entity as disregarded and will not unwind its operations from its "parent" entity. In this instance, it will be presumed that both the "parent" entity and disregarded entity have nexus in Texas for apportionment purposes only. If the disregarded entity has physical presence in Texas, it will be required to file the appropriate information report (Form 05-102 or 05-167).

MARGIN

Unless a taxable entity qualifies and chooses to file using the E-Z computation, the tax base is the taxable entity's margin and is computed in one of the following ways:

- Total Revenue times 70%
- Total Revenue minus Cost of Goods Sold (COGS)
- Total Revenue minus Compensation

A taxable entity must make an annual election to deduct COGS or compensation by the due date of the franchise tax report, the extended due date, or the date the report is filed, whichever is latest. The election to use COGS or compensation is made by filing the franchise tax report using one method or the other. This is an annual election and is effective for the entire period upon which the tax is based.

After the due date or the extended due date of the report, a taxable entity may not amend its report to change its election to COGS or compensation. However, a taxable entity may amend its report to change its method of computing margin from COGS or compensation to 70% of total revenue or, if eligible, the E-Z computation.

TAX RATES

The franchise tax rates are:

- 1.0% (.01) for most entities
- 0.5% (.005) for qualifying wholesalers and retailers
- 0.575% (.00575) for those entities with \$10 million or less in annualized total revenue using the E-Z computation

Qualifying retailers and wholesalers are those entities that fall under Divisions F or G of the 1987 Standard Industrial Classification manual (www.osha.gov/pls/imis/sicsearch.html) who are primarily engaged in retail and/or wholesale trade.

An entity is primarily engaged in retail and/or wholesale trade if:

- 1) the total revenue from its activities in retail and wholesale trade is greater than the total revenue from its activities in trades other than the retail and wholesale trades;
- 2) except for eating and drinking places as described in Major Group 58 of Division G, less than 50 percent of the

Summary of Additional Data Used in Calculations from Annual Report Form R-1 (\$000)

Total Railway Operating Revenues Schedule 210, Line 13, Column (b)

Year	RR	Sched	Line	Column (b)
2010	BNSF	210	13	\$16,929,321
2010	CNGT	210	13	2,533,991
2010	CSX	210	13	10,181,605
2010	KCS	210	13	1,015,887
2010	NS	210	13	9,516,435
2010	SOO	210	13	1,293,832
2010	UP	210	13	16,934,844
Total				\$58,405,915

Income (Loss) from continuing operations (before income taxes) Schedule 210, Line 46, Col. (b)

Year	RR	Sched	Line	Column (b)
2010	BNSF	210	46	\$4,299,125
2010	CNGT	210	46	562,934
2010	CSX	210	46	2,738,224
2010	KCS	210	46	152,391
2010	NS	210	46	2,521,018
2010	SOO	210	46	229,980
2010	UP	210	46	4,489,349
Total				\$14,993,021

BNSF Tax Rate Calculation for Texas for 2010**Corporate Activities Tax**

Operating Revenue	\$16,929,321	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$4,299,125	from R-1 Schedule 210 Line 46
Taxable Receipts	11,850,525	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	118,505	Tax Rate x Taxable Receipts
Effective Tax Rate	2.756%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

CNGT Tax Rate Calculation for Texas for 2010**Corporate Activities Tax**

Operating Revenue	\$2,533,991	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$562,934	from R-1 Schedule 210 Line 46
Taxable Receipts	1,773,794	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	17,738	Tax Rate x Taxable Receipts
Effective Tax Rate	3.151%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

CSX Tax Rate Calculation for Texas for 2010**Corporate Activities Tax**

Operating Revenue	\$10,181,605	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$2,738,224	from R-1 Schedule 210 Line 46
Taxable Receipts	7,127,124	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	71,271	Tax Rate x Taxable Receipts
Effective Tax Rate	2.603%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

KCS Tax Rate Calculation for Texas for 2010

Corporate Activities Tax

Operating Revenue	\$1,015,887	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$152,391	from R-1 Schedule 210 Line 46
Taxable Receipts	711,121	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	7,111	Tax Rate x Taxable Receipts
Effective Tax Rate	4.666%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

NS Tax Rate Calculation for Texas for 2010

Corporate Activities Tax

Operating Revenue	\$9,516,435	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$2,521,018	from R-1 Schedule 210 Line 46
Taxable Receipts	6,661,505	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	66,615	Tax Rate x Taxable Receipts
Effective Tax Rate	2.642%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

SOO Tax Rate Calculation for Texas for 2010

Corporate Activities Tax

Operating Revenue	\$1,293,832	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$229,980	from R-1 Schedule 210 Line 46
Taxable Receipts	905,682	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	9,057	Tax Rate x Taxable Receipts
Effective Tax Rate	3.938%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

UP Tax Rate Calculation for Texas for 2010

Corporate Activities Tax

Operating Revenue	\$16,934,844	from R-1 Schedule 210 Line 13
Net Inc. Bef. Tax	\$4,489,349	from R-1 Schedule 210 Line 46
Taxable Receipts	11,854,391	70% of Operating Revenue
Tax Rate	1.000%	Texas Margins Tax on 70% of Gross Receipts
State Taxes	118,544	Tax Rate x Taxable Receipts
Effective Tax Rate	2.641%	State Taxes divided by Taxable Earnings

Notes

This calculation assumes that the ratio of NIBT to Operating Revenue will be the same in every state.
All dollar amounts are in thousands.

BNSF Average State Tax Rate for 2010

State	Income			
	Miles BNSF	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	300	6.500%	0.92974%	0.06043%
Arizona	595	6.988%	1.84399%	0.12849%
Arkansas	1,047	6.500%	3.24480%	0.21091%
California	2,125	8.840%	6.58568%	0.58217%
Colorado	1,402	4.630%	4.34500%	0.20117%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	123	7.600%	0.38119%	0.02897%
Illinois	1,552	7.300%	4.80987%	0.35112%
Indiana	0	8.500%	0.00000%	0.00000%
Iowa	673	12.000%	2.08572%	0.25029%
Kansas	1,709	7.050%	5.29843%	0.37340%
Kentucky	99	6.000%	0.30682%	0.01841%
Louisiana	348	8.000%	1.07850%	0.08628%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	0	6.039%	0.00000%	0.00000%
Minnesota	1,686	9.800%	5.22515%	0.51206%
Mississippi	179	5.000%	0.55475%	0.02774%
Missouri	1,759	6.250%	5.45139%	0.34071%
Montana	1,961	6.750%	6.07742%	0.41023%
Nebraska	1,529	7.810%	4.73859%	0.37008%
Nevada	805	0.000%	2.49481%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	1,357	7.600%	4.20554%	0.31962%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	7.107%	0.00000%	0.00000%
North Dakota	1,732	6.400%	5.36771%	0.34353%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,409	6.000%	4.36689%	0.26200%
Oregon	386	7.900%	1.19627%	0.09451%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	926	0.000%	2.86981%	0.00000%
Tennessee	144	6.500%	0.44628%	0.02901%
Texas	5,110	2.756%	15.83661%	0.43654%
Utah	433	5.000%	1.34193%	0.06710%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	1,635	0.000%	5.06710%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	273	7.900%	0.84607%	0.06684%
Wyoming	970	0.000%	3.00617%	0.00000%
Total U.S.	32,267		100.00000%	5.57161%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an "*".

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

CNGT Average State Tax Rate for 2010

State	Income			
	Miles CNGT	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	26	6.500%	0.43082%	0.02800%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	1,288	7.300%	21.34217%	1.55798%
Indiana	104	8.500%	1.72328%	0.14648%
Iowa	573	12.000%	9.49461%	1.13935%
Kansas	0	7.050%	0.00000%	0.00000%
Kentucky	58	6.000%	0.96106%	0.05766%
Louisiana	239	8.000%	3.96023%	0.31682%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	930	6.039%	15.41011%	0.93054%
Minnesota	381	9.800%	6.31317%	0.61869%
Mississippi	752	5.000%	12.46065%	0.62303%
Missouri	0	6.250%	0.00000%	0.00000%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	7.107%	0.00000%	0.00000%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	4	0.000%	0.06628%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	156	9.990%	2.58492%	0.25823%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	161	6.500%	2.66777%	0.17341%
Texas	0	3.151%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	1,363	7.900%	22.58492%	1.78421%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	6,035		100.00000%	7.63441%

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

CSX Average State Tax Rate for 2010

State	Miles CSX	Income		Pct Miles	Pct Miles x Tax Rate
		Tax Rate			
Alabama	1,015	8.500%		4.84464%	0.31490%
Arizona	0	6.968%		0.00000%	0.00000%
Arkansas	0	6.500%		0.00000%	0.00000%
California	0	8.840%		0.00000%	0.00000%
Colorado	0	4.630%		0.00000%	0.00000%
Connecticut	68	0.000%		0.32457%	0.00000%
Delaware	44	8.700%		0.21001%	0.01827%
Dist. of Columbia	20	9.975%		0.09546%	0.00952%
Florida	1,651	5.500%		7.88029%	0.43342%
Georgia	1,614	6.000%		7.70369%	0.46222%
Idaho	0	7.600%		0.00000%	0.00000%
Illinois	916	7.300%		4.37211%	0.31916%
Indiana	1,635	8.500%		7.80392%	0.66333%
Iowa	0	12.000%		0.00000%	0.00000%
Kansas	0	7.050%		0.00000%	0.00000%
Kentucky	1,842	6.000%		7.83733%	0.47024%
Louisiana	43	8.000%		0.20524%	0.01642%
Maine	0	0.000% *		0.00000%	0.00000%
Maryland	556	8.250%		2.65381%	0.21894%
Massachusetts	397	6.500%		1.89490%	0.12317%
Michigan	569	6.039%		2.71586%	0.16400%
Minnesota	0	9.800%		0.00000%	0.00000%
Mississippi	94	5.000%		0.44867%	0.02243%
Missouri	13	6.250%		0.06205%	0.00388%
Montana	0	6.750%		0.00000%	0.00000%
Nebraska	0	7.810%		0.00000%	0.00000%
Nevada	0	0.000%		0.00000%	0.00000%
New Hampshire	0	0.000% *		0.00000%	0.00000%
New Jersey	648	0.000%		3.09293%	0.00000%
New Mexico	0	7.600%		0.00000%	0.00000%
New York	1,293	0.000%		6.17154%	0.00000%
North Carolina	1,126	7.107%		5.37445%	0.38196%
North Dakota	0	6.400%		0.00000%	0.00000%
Ohio	1,904	0.000%		9.08787%	0.00000%
Oklahoma	0	6.000%		0.00000%	0.00000%
Oregon	0	7.900%		0.00000%	0.00000%
Pennsylvania	1,062	9.990%		5.06897%	0.50639%
Rhode Island	0	0.000% *		0.00000%	0.00000%
South Carolina	1,286	5.000%		6.13813%	0.30691%
South Dakota	0	0.000%		0.00000%	0.00000%
Tennessee	1,006	6.500%		4.80168%	0.31211%
Texas	0	2.603%		0.00000%	0.00000%
Utah	0	5.000%		0.00000%	0.00000%
Vermont	0	0.000% *		0.00000%	0.00000%
Virginia	1,054	6.000%		5.03079%	0.30185%
Washington	0	0.000%		0.00000%	0.00000%
West Virginia	1,295	8.500%		6.18109%	0.52539%
Wisconsin	0	7.900%		0.00000%	0.00000%
Wyoming	0	0.000%		0.00000%	0.00000%
Total U.S.	20,951			100.00000%	5.57451%

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

KCS Average State Tax Rate for 2010

State	Income		Pct Miles	Pct Miles x Tax Rate
	Miles KCS	Tax Rate		
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	162	6.500%	5.26658%	0.34233%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	182	7.300%	5.91678%	0.43192%
Indiana	0	8.500%	0.00000%	0.00000%
Iowa	0	12.000%	0.00000%	0.00000%
Kansas	18	7.050%	0.58518%	0.04125%
Kentucky	0	6.000%	0.00000%	0.00000%
Louisiana	737	8.000%	23.95969%	1.91678%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	0	6.039%	0.00000%	0.00000%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	606	5.000%	19.70091%	0.98505%
Missouri	396	6.250%	12.87386%	0.80462%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	7.107%	0.00000%	0.00000%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	151	6.000%	4.90897%	0.29454%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	5	6.500%	0.16255%	0.01057%
Texas	819	4.666%	26.62549%	1.24246%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	3,076		100.00000%	6.06951%

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

NS Average State Tax Rate for 2010

State	Income			
	Miles NS	Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	1,372	6.500%	6.79847%	0.44190%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	203	8.700%	1.00590%	0.08751%
Dist. of Columbia	13	9.975%	0.06442%	0.00843%
Florida	149	5.500%	0.73832%	0.04061%
Georgia	1,778	6.000%	8.81027%	0.52862%
Idaho	0	7.800%	0.00000%	0.00000%
Illinois	1,260	7.300%	6.24350%	0.45578%
Indiana	1,491	8.500%	7.38814%	0.62799%
Iowa	44	12.000%	0.21803%	0.02616%
Kansas	2	7.050%	0.00991%	0.00070%
Kentucky	431	6.000%	2.13567%	0.12814%
Louisiana	76	8.000%	0.37659%	0.03013%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	269	8.250%	1.33294%	0.10997%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	488	6.039%	2.41812%	0.14602%
Minnesota	0	9.800%	0.00000%	0.00000%
Mississippi	211	5.000%	1.04554%	0.05228%
Missouri	409	6.250%	2.02666%	0.12667%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	0	7.810%	0.00000%	0.00000%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	933	0.000%	4.62316%	0.00000%
New Mexico	0	7.800%	0.00000%	0.00000%
New York	751	0.000%	3.72132%	0.00000%
North Carolina	1,297	7.107%	6.42684%	0.45676%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	2,208	0.000%	10.94088%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	2,281	9.990%	11.30271%	1.12914%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	783	5.000%	3.87989%	0.19399%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	847	6.500%	4.19702%	0.27281%
Texas	0	2.642%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	2,079	6.000%	10.30177%	0.61811%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	806	8.500%	3.99366%	0.33948%
Wisconsin	0	7.900%	0.00000%	0.00000%
Wyoming	0	0.000%	0.00000%	0.00000%
Total U.S.	20,181		100.00000%	5.81917%

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Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

SOO Average State Tax Rate for 2010

State	Miles SOO	Income		
		Tax Rate	Pct Miles	Pct Miles x Tax Rate
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	0	6.968%	0.00000%	0.00000%
Arkansas	0	6.500%	0.00000%	0.00000%
California	0	8.840%	0.00000%	0.00000%
Colorado	0	4.630%	0.00000%	0.00000%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	0	7.600%	0.00000%	0.00000%
Illinois	393	7.300%	6.41214%	0.46809%
Indiana	154	8.500%	2.51264%	0.21357%
Iowa	656	12.000%	10.70321%	1.28439%
Kansas	0	7.050%	0.00000%	0.00000%
Kentucky	0	6.000%	0.00000%	0.00000%
Louisiana	0	8.000%	0.00000%	0.00000%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	80	6.039%	1.30527%	0.07882%
Minnesota	1,717	9.800%	28.01436%	2.74541%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	144	6.250%	2.34949%	0.14684%
Montana	0	6.750%	0.00000%	0.00000%
Nebraska	41	7.810%	0.66895%	0.05225%
Nevada	0	0.000%	0.00000%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	68	0.000%	1.10948%	0.00000%
New Mexico	0	7.600%	0.00000%	0.00000%
New York	560	0.000%	9.13689%	0.00000%
North Carolina	0	7.107%	0.00000%	0.00000%
North Dakota	482	9.900% +	7.86425%	0.77856%
Ohio	30	0.000%	0.48948%	0.00000%
Oklahoma	0	6.000%	0.00000%	0.00000%
Oregon	0	7.900%	0.00000%	0.00000%
Pennsylvania	451	9.990%	7.35846%	0.73511%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	724	0.000%	11.81269%	0.00000%
Tennessee	0	6.500%	0.00000%	0.00000%
Texas	0	3.938%	0.00000%	0.00000%
Utah	0	5.000%	0.00000%	0.00000%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	0	0.000%	0.00000%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	622	7.900%	10.14847%	0.80173%
Wyoming	7	0.000%	0.11421%	0.00000%
Total U.S.	6,129		100.00000%	7.30476%

There is no Class I railroad mileage in AK, HI, ME, NH, RI, VT, and any state marked with an ***.

Mileages are from Annual Report Form R-1, Schedule 702, Column (g).

Tax rates are from the web site of the Tax Foundation, Washington, DC unless updated by AAR (Appendix B).

Rate for Texas is calculated, and may vary by railroad.

No rounding until final number.

“+” Waterman’s Edge Surcharge Tax rate applied in North Dakota

UP Average State Tax Rate for 2010

State	Income		Pct Miles	Pct Miles x Tax Rate
	Miles UP	Tax Rate		
Alabama	0	6.500%	0.00000%	0.00000%
Arizona	642	6.968%	2.00920%	0.14000%
Arkansas	1,327	6.500%	4.15297%	0.26994%
California	3,288	8.840%	10.29011%	0.90965%
Colorado	1,535	4.630%	4.80393%	0.22242%
Connecticut	0	0.000%	0.00000%	0.00000%
Delaware	0	8.700%	0.00000%	0.00000%
Dist. of Columbia	0	9.975%	0.00000%	0.00000%
Florida	0	5.500%	0.00000%	0.00000%
Georgia	0	6.000%	0.00000%	0.00000%
Idaho	849	7.600%	2.65703%	0.20193%
Illinois	2,201	7.300%	6.88824%	0.50284%
Indiana	4	8.500%	0.01252%	0.00106%
Iowa	1,427	12.000%	4.46593%	0.53591%
Kansas	2,205	7.050%	6.90076%	0.48650%
Kentucky	12	6.000%	0.03756%	0.00225%
Louisiana	1,137	8.000%	3.55835%	0.28467%
Maine	0	0.000% *	0.00000%	0.00000%
Maryland	0	8.250%	0.00000%	0.00000%
Massachusetts	0	6.500%	0.00000%	0.00000%
Michigan	0	6.039%	0.00000%	0.00000%
Minnesota	659	9.800%	2.06240%	0.20212%
Mississippi	0	5.000%	0.00000%	0.00000%
Missouri	1,497	6.250%	4.68501%	0.29281%
Montana	125	6.750%	0.39120%	0.02641%
Nebraska	1,068	7.810%	3.34241%	0.26104%
Nevada	1,192	0.000%	3.73048%	0.00000%
New Hampshire	0	0.000% *	0.00000%	0.00000%
New Jersey	0	0.000%	0.00000%	0.00000%
New Mexico	618	7.600%	1.93409%	0.14699%
New York	0	0.000%	0.00000%	0.00000%
North Carolina	0	7.107%	0.00000%	0.00000%
North Dakota	0	6.400%	0.00000%	0.00000%
Ohio	0	0.000%	0.00000%	0.00000%
Oklahoma	1,173	6.000%	3.67102%	0.22026%
Oregon	1,073	7.900%	3.35806%	0.26529%
Pennsylvania	0	9.990%	0.00000%	0.00000%
Rhode Island	0	0.000% *	0.00000%	0.00000%
South Carolina	0	5.000%	0.00000%	0.00000%
South Dakota	0	0.000%	0.00000%	0.00000%
Tennessee	14	6.500%	0.04381%	0.00285%
Texas	6,319	2.641%	19.77592%	0.52219%
Utah	1,250	5.000%	3.91200%	0.19560%
Vermont	0	0.000% *	0.00000%	0.00000%
Virginia	0	6.000%	0.00000%	0.00000%
Washington	531	0.000%	1.66182%	0.00000%
West Virginia	0	8.500%	0.00000%	0.00000%
Wisconsin	928	7.900%	2.90427%	0.22944%
Wyoming	879	0.000%	2.75092%	0.00000%
Total U.S.	31,953		100.00000%	5.92218%

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